We have grown up with this system of quoting nominal rates. And that is all.

I think I have said all I have to say on this in that part of the statement. The rest of the statement deals with revolving credit, that you are going to take up maybe later on.

I see Mr. Klein is going to be testifying. I think he can do a better job here than I on this matter.

I would like to emphasize one point, that they charge 1½ percent on every penny of credit subject to their system's credit. You were talking with Mr. Margolius about Penney's system. I have a Penney contract here. And I see nothing in the agreement about an adjusted balance or any other kind of balance. They don't go into all of these details.

They charge on balances they really charge for. I pay 1½ percent on what they charge for and, annualizing it is 18 percent. Yet they seldom charge me anything. I escape. I try to scoot out before the charge time comes. But whatever balance they catch me with, I pay 18 percent on.

My last point—well, before that, I can't skip over my comments about the small business people. Really, those who are concerned with the plight of the small businessman ought to take a good look at this testimony from Penney's.

Theirs is a loss leader. Many State statutes prohibit loss leadering. Penney's really gives credit up to 30 days and then they say, in effect, any other dollar that you pay in the next 30 days we will give you credit as of the first of the month. They can't borrow money at this zero rate. They have to replace their capital. So this is a loss leader. Why aren't the small business people in here fighting for this bill?

My last point hits at the State's rights issue. Frankly, I have lived—this is personal testimony—but I have lived in New Jersey for 16 years, Bergen County, and Ohio for 2, Wisconsin for 3, Illinois for 3, Iowa for 4, Florida for 8, Kansas for 12 and this is just what happens to a fellow that goes into academic work, joins the Navy and does a few other things. I don't think I am unusual in this respect.

A pound is a pound the world around. Why can't an annual percentage rate be the same? Look at my record of seven different States, each with different concepts as to what is interest, service charges—each with different laws for cars, for revolving credit, others for credit unions, banks, and so forth.

Frankly, this complexity is an insult to the American intelligence. I don't know whether we need a Federal system but we need some joining together to get this terminology straightened up so one can trade around the country without these trade barriers, and they are trade barriers of ignorance.